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# **National Intelligence Bulletin**

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### USSR-EGYPT

Yesterday's signing in Moscow of the 1976 Soviet-Egyptian trade protocol may represent an effort by both countries to keep at least some lines open to each other. Senior officials of both countries had been claiming that existing economic ties would be continued.

The document was signed by Egyptian Foreign Trade Minister Tawfiq and Nikolay Patolichev, his Soviet counterpart, following a series of discussions which began on April 26. Under the terms of the protocol, this year's trade is valued at \$640 million, down by about one-third from the 1975 level. Egypt will export cotton, rice, and leather goods in exchange for Soviet coal, lumber, and petroleum products. The agreement provides for an Egyptian surplus of \$142 million this year for debt service. The two sides also reportedly began negotiations for a five-year trade agreement.

The conclusion of the trade protocol will, at least for the short term, stabilize the atmosphere for future discussions.

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### SPAIN

Prime Minister Arias' speech to the nation yesterday was the most detailed presentation of the government's reform program yet, but it will satisfy neither the opposition forces on the left nor the proponents of the status quo on the right.

Responding to pressures from King Juan Carlos and reform-minded ministers, Arias outlined specific reform measures and a timetable for their implementation. His call for a referendum on constitutional reforms by next October and general elections early in 1977, however, sets a more leisurely pace than reformers such as Foreign Minister Areilza had been urging.

The Prime Minister said that all reform measures, except the electoral law, would be ready for submission to parliament by May 15. These are to include constitutional provisions on monarchical succession and the establishment of a bicameral legislature, both of which are to be the topics for the referendum. There will also be revisions of the penal code and of laws restricting freedom of assembly and association.

The government's proposal for widening suffrage would be submitted by July 15, according to Arias. Arias said he trusted that the Cortes would act on his proposals in time for the King to call the referendum on schedule, an indication that he is concerned over possible rightist obstructionism in the present parliament. Arias warned that the government's call for expanded political liberties does not extend to extremists on the left or the right who want totalitarianism. This serves as a reaffirmation of the government's stand against legalizing the Communist Party.

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### PORTUGAL

Portugal's Popular Democratic Party appears to have backed away from Secretary General Sa Carneiro's threat to leave the government unless the Communists are removed and the Socialists drop their plans to form a minority coalition.

A statement issued after a meeting on Tuesday between Sa Carneiro and the party executive said that Popular Democratic ministers do not intend to raise the question of their immediate resignation, but neither do they seek to "impose their presence" on the Council of Ministers. The party will leave the decision of a cabinet shuffle to Prime Minister Azevedo.

The party's backtracking was probably influenced by the army General Staff, which, according to the US army attache, told Sa Carneiro it wanted to avoid a crisis over the provisional government that could be used by President Costa Gomes as a pretext for remaining in office.

The Popular Democrats' announcement seems likely to relieve some of the pressure on both the parties and the military to reach an early decision on the composition of the new government. Maneuvering will continue, however, and is likely to be intensified as the selection of presidential candidates becomes part of the bargaining process.



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### FRANCE

The student and faculty strikes and demonstrations that have disrupted French universities for the last six weeks appear to be subsiding.

The protesters seem to be responding favorably to the government's decision to modify implementation of its proposed changes in the university system that were designed to make curricula more relevant to the job market. In a compromise worked out with university presidents who supported the student protesters, the government reportedly agreed that traditional liberal arts courses will still be available.

The strikes have not been formally called off by student and faculty leaders, and scattered clashes with police are still occurring, but the largest student union is urging its members to return to their classes, according to press reports. Some radical student leaders, however, remain undaunted by the waning student support for the protests and the workers' failure to join them. On Tuesday they were able to force a call for continued protests through the strike coordinating committee. They also are calling on their followers to join the marches planned by labor unions on May Day and demanding a televised debate with the senior government official in charge of the universities.

### FRANCE

The French navy has ordered its helicopter carrier Jeanne d'Arc, en route home after a tour of duty in the Indian Ocean, to change course and join the French fleet in the Mediterranean. It will remain there until June or July, when it will be relieved by the aircraft carrier Foch.

According to the commander of France's Atlantic squadron, the Jeanne d'Arc was being sent to the Mediterranean for "operational reasons." The US defense attaches in Paris speculate that the French may have decided to place the ship on standby notice because of continuing tensions in the eastern Mediterranean.



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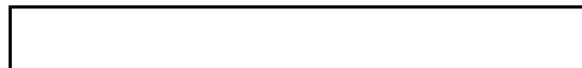
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